

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2017

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Office of the State Auditor

July 30, 2018

FINANCIAL STATEMENTS - 2017

EASTERN RIO BLANCO METROPOLITAN RECREATION AND PARK DISTRICT

2017 BOARD OF DIRECTORS

Zach Clatterbaugh, President

Kent Walter, Vice President

Drew Varland, Treasurer

Kris Arcolesse, Secretary

Travis Mobley

ADMINISTRATIVE STAFF

Sean VonRoenn, Executive Director

Dondi Glasscock, Administrative Services Manager

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastern Rio Blanco Metropolitan Recreation and Park District

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Eastern Rio Blanco Metropolitan Recreation and Park District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Eastern Rio Blanco Metropolitan Recreation and Park District, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of the District's proportionate share of the net pension liability, and schedule of District contribution on pages 3-6 and 35-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

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economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Calo CPA Services, PC

Rangely, Colorado
May 23, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Eastern Rio Blanco Metropolitan Recreation and Park District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$17,922,308 at December 31, 2017.
- Total District's cash and investments decreased by \$1,045,563 or 10 percent from 2016.
- The December 31, 2017 General Fund balance is \$1,037,332 less than the previous year. The total fund balance is 283 percent of 2017 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net assets related to each department of the District. Fund financial statements tell how services were funded as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICTS FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. These changes in positions are important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the District's activities are reported as Governmental Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term funding requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 32 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for the General Fund on page 35 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the District's net position for 2016 and 2017.

	Governmental Activities	
	<u>2016</u>	<u>2017</u>
Assets		
Current and other assets	\$ 13,903,133	\$ 12,671,186
Capital assets	10,010,163	10,962,898
Total assets	<u>23,913,296</u>	<u>23,634,084</u>
Deferred Outflows of Resources	<u>917,075</u>	<u>1,063,976</u>
Liabilities		
Current and other liabilities	101,968	95,031
Long-term liabilities	2,692,294	3,508,555
Total Liabilities	<u>2,794,262</u>	<u>3,603,586</u>
Deferred Inflows of Resources	<u>3,399,099</u>	<u>3,172,166</u>
Net Position		
Net invested in capital assets	10,010,163	10,962,898
Restricted	295,054	289,803
Unrestricted	8,331,793	6,669,607
Total net position	<u>\$ 18,637,010</u>	<u>\$ 17,922,308</u>

A significant portion of the District's position represents unrestricted net position of \$6,669,607 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$289,803 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve of \$117,532 and restricted for conservation trust of \$172,271.

The following table indicates the changes in net position.

	Governmental Activities	
	2016	2017
Revenues:		
Program revenues:		
Charge for services	\$ 227,297	\$ 232,585
Capital grants and contributions	21,445	18,834
General revenues:		
General property taxes	4,306,924	3,403,047
Specific ownership tax	110,358	122,468
Investment earnings	42,796	132,839
Other	(1,584)	7,961
Total revenues	<u>4,707,236</u>	<u>3,917,734</u>
Expenses:		
Administration	3,544,386	3,808,912
Aquatics/Rec Programs	798,529	823,524
Total expenses	<u>4,342,915</u>	<u>4,632,436</u>
Increase in net position	<u>\$ 364,321</u>	<u>\$ (714,702)</u>

Governmental Activities. Governmental activities decreased the District's net position by \$714,702 in 2017. Key elements of this decrease are as follows:

Several revenue sources fund the District. Property tax is the biggest contributor, accounting for 87 percent of gross revenue. This comes from a 5.699 Mill Levy for the General Fund. Total Property taxes were \$3,403,047, down 21 percent from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

Information about the District's governmental fund begins on page 11. This fund is accounted for using the modified accrual basis of accounting.

As of December 31, 2017, the total fund balances of the District's governmental fund was \$9,435,058. Approximately 97 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a State-Constitution mandated emergency reserve (\$117,532) and (2) conservation trust fund (\$172,271). The District had governmental revenues of \$3,917,734 and expenditures of \$4,955,066.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared according to Colorado statutes.

2017 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 10,555,564	\$ -	\$ 10,555,564	\$ 10,472,390
Revenue and other funding sources	3,765,000	-	3,765,000	3,917,734
Expenditures and other funding uses	(5,386,000)	-	(5,386,000)	(4,955,066)
Ending Fund Balance	<u>\$ 8,934,564</u>	<u>\$ -</u>	<u>\$ 8,934,564</u>	<u>\$ 9,435,058</u>

Actual expenditures and other financing uses were under budget by \$430,934. The difference includes capital outlay being budgeted for \$1,721,000 but was actually \$1,618,450 and administration being budgeted for \$3,133,100 but was actually \$2,699,178.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's net investment in capital assets for its governmental type activities as of December 31, 2017 totaled \$10,962,898 (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total increase in investment in capital assets for the current year was \$952,735 or 10 percent.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land and construction in progress which are not depreciated.

The District has no infrastructure assets.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2018 budget:

- * A decrease in anticipated general property tax collection for 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 101 Ute Road, Meeker, Colorado 81641.

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FINANCIAL STATEMENTS

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

STATEMENT OF NET POSITION
December 31, 2017

ASSETS

Cash and cash equivalents - unrestricted	\$ 3,660,743
Cash and cash equivalents - restricted	289,803
Investments	5,528,359
Receivable - county treasurer	9,490
Accounts receivable	20,771
Property taxes receivable	3,162,020
Capital assets, nondepreciable	585,418
Capital assets, net of accumulated depreciation	<u>10,377,480</u>
TOTAL ASSETS	<u>23,634,084</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>1,063,976</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,063,976</u>

LIABILITIES

Accounts payable	6,504
Accrued salaries	74,803
Accrued liabilities	13,724
Noncurrent liabilities	
Net pension liability	<u>3,508,555</u>
TOTAL LIABILITIES	<u>3,603,586</u>

DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue	3,162,020
Deferred inflows related to pensions	<u>10,146</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,172,166</u>

NET POSITION

Net investment in capital assets	10,962,898
Restricted for Tabor emergencies	117,532
Restricted for conservation trust fund	172,271
Unrestricted	<u>6,669,607</u>
TOTAL NET POSITION	<u><u>\$ 17,922,308</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Administration	\$ 3,808,912	\$ -	\$ -	\$ (3,808,912)
Aquatics/Rec Programs	823,524	232,585	18,834	(572,105)
TOTAL GOVERN- MENTAL ACTIVITIES	\$ 4,632,436	\$ 232,585	\$ 18,834	(4,381,017)
GENERAL REVENUES				
General property taxes				3,403,047
Specific ownership tax				122,468
Investment earnings				132,839
Other income				7,961
				TOTAL GENERAL REVENUES
				3,666,315
				CHANGE IN NET POSITION
				(714,702)
				NET POSITION - BEGINNING OF YEAR
				18,637,010
				NET POSITION - END OF YEAR
				\$17,922,308

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents - unrestricted	\$ 3,660,743
Cash and cash equivalents - restricted	289,803
Investments	5,528,359
Receivable - county treasurer	9,490
Accounts receivable	20,771
Property taxes receivable	<u>3,162,020</u>
TOTAL ASSETS	<u><u>\$ 12,671,186</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 6,504
Accrued salaries	53,880
Accrued liabilities	<u>13,724</u>
TOTAL LIABILITIES	<u>74,108</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned property tax revenue	<u>3,162,020</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,162,020</u>
FUND BALANCES	
Fund balances:	
Restricted for	
Labor emergencies	117,532
Conservation trust fund	172,271
Unassigned	<u>9,145,255</u>
TOTAL FUND BALANCES	<u>9,435,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 12,671,186</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCE		\$ 9,435,058
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		10,962,898
Half of compensated liabilities are not recorded in governmental funds because they are not generally expected to be liquidated with current expendable available financial resources.		(20,923)
Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(3,508,555)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,063,976	
Deferred inflows of resources related to pensions	<u>(10,146)</u>	
Net deferred outflows (inflows)		<u>1,053,830</u>
NET POSTION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 17,922,308</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPE
For the Year Ended December 31, 2017

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 3,403,047
Specific ownership tax	122,468
Conservation trust fund	18,834
Investment income	132,839
Charges for services	232,585
Other income	<u>7,961</u>
TOTAL REVENUES	<u>3,917,734</u>
EXPENDITURES	
Current operating	
Administration	2,699,178
Swimming pool	35,355
Recreation and sports programs	122,455
County treasurer's fees	171,211
Facility maintenance	296,564
Guest services	11,853
Capital outlay	<u>1,618,450</u>
TOTAL EXPENDITURES	<u>4,955,066</u>
EXCESS OF OPERATING REVENUE OVER (UNDER) OPERATING EXPENDITURES	(1,037,332)
FUND BALANCE - BEGINNING OF YEAR	<u>10,472,390</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 9,435,058</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

RECONCILIATION OF THE CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ (1,037,332)

***Amounts reported for governmental activities in the
statement of activities are different because:***

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the costs of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period.

Capital outlay	1,618,450	
Current year depreciation	<u>(665,714)</u>	
TOTAL		952,736

One-half of PTO leave is deemed to be vacation pay and is considered
a current liability. The other one-half of PTO leave is not deemed
to be vacation pay and is not considered a current liability. This is
the amount by which the one-half of PTO leave that is not
considered a current liability decreased in the current period. 2,989

Governmental funds report District pension contributions as
expenditures. However, in the statement of activities, the cost
of pension benefits earned net of employee contributions is
reported as pension expense. (633,095)

CHANGE IN NET POSITION \$ (714,702)

The accompanying "Notes to Financial Statements" are an integral part of the statement.

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NOTES TO FINANCIAL STATEMENTS

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Eastern Rio Blanco Metropolitan Recreation and Park District (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Reporting Entity

An elected five member Board of Directors governs the District. No additional separate government units, agencies, or nonprofit corporations are included in the financial statements of the District as component units. Component units are legally separate entities for which the District is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the District.

The District's major operations are the recreation center, swimming pool, and park maintenance.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately for business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Fund

General Fund

The General Fund is the District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the District.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

When committed, assigned, or unassigned funds are available for use, it is the government's policy to use committed amounts first, then assigned amounts, and then unassigned amounts as they are needed.

D. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1. The budget includes anticipated revenues and proposed expenditures.
2. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Budgets are adopted for the General and Bond Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse at the end of each calendar year.
6. The District's Board of Directors may authorize supplemental appropriations during the year. There was no supplemental appropriation made during the year ended December 31, 2017.

E. Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15, if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, in that the District's experience indicates that all material amounts will be collected and paid to the District.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets, continued

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	5-20
Equipment	5-30
Recreation building and improvements	5-40
Pool facility and improvements	5-10

G. Encumbrances

The District does not use encumbrance accounting. Accordingly, no encumbrances have been recorded in the financial statements.

H. Compensated Absences

The District has a policy that allows employees to accumulate unused PTO up to a certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds in the amount of ½ of accrued paid time off. The District's General Fund is used to pay compensated absences of the governmental activities. At the end of 2017, \$20,923 was accrued for paid time off.

I. Use of Estimates

The preparation of the governmental funds financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement net assets. A reconciliation of the differences can be found on page 12 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 14 of the financial statements.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes specify the instruments in which the District is authorized to invest, including such instruments and local government investment pools identified in Parts 6 and 7 of Article 74 of Title 24 of the Colorado Revised Statutes.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments for the District are reported at market value. Investments held are as follows:

December 31, 2017	Cost	Market Value
U.S. Government Securities, rated AA+ by Standard and Poor's	\$ 1,765,000	\$ 1,734,667
Colostrust	3,538,425	3,538,425
Negotiable Certificates of Deposit	<u>3,825,000</u>	<u>3,793,027</u>
Total	<u>\$ 9,128,425</u>	<u>\$ 9,066,119</u>

At December 31, 2017, the District had invested \$3,538,425 in the Colorado Government Liquid Asset Trust (COLOTRUST), and investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes as authorized by state statute. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. At December 31, 2017 the District's investment in the COLOTRUST was rated AAAM by Standard & Pooors.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS, Continued

A summary of cash and investments on the balance sheet is as follows:

Cash		
Cash on hand	\$ 900	
Cash deposits	<u>411,221</u>	
Total Cash		<u>412,121</u>
Investments		
Money Market	655	
U.S. Government Securities	1,734,677	
Negotiable – Certificates of Deposit	<u>3,793,027</u>	
Sub-Total		5,528,359
Colostrust		<u>3,538,425</u>
Total Investments		<u>9,066,784</u>
Total Cash and Cash Equivalents		<u>\$ 9,478,905</u>

The District generally limits its concentration of investments to those which are believed to have a minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosures requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

NOTE 4 - PROPERTY TAX

Property taxes for 2017, collectible in 2018, were levied by the County Commissioners on December 15, 2017. Property taxes attached as an enforceable lien on January 1, 2018, are due in total April 30, 2018, or in equal installments February 28, 2018, and June 15, 2018, at the option of the taxpayer. The County Treasurer remits taxes collected to the District by the 10th day of the month following collection.

Property taxes for 2017, collectible in 2018, are shown as property taxes receivable and unearned revenue on the balance sheet in the amount of the assessed taxes less estimated uncollectible amounts.

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Estimated Percent Collectible</u>	<u>Taxes Receivable</u>	<u>Unearned Revenue</u>
General Fund	\$554,837,630	5.699	100.00%	\$ 3,162,020	\$ 3,162,020

Revenue Recognized in 2017

Local property taxes levied for 2016 and collected in 2017 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes Levied</u>	<u>Amount of Taxes Collected</u>	<u>Percent Collected</u>
General Fund	\$588,293,830	5.699	\$ 3,352,687	\$ 3,349,026	99.89%

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets during 2017 follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Governmental activities:				
Capital assets, nondepreciable				
Land/Park	\$ 585,418	\$ -	\$ -	\$ 585,418
Construction in progress	486,077	-	(486,077)	-
Total capital assets, nondepreciable	<u>1,071,495</u>	<u>-</u>	<u>(486,077)</u>	<u>585,418</u>
Capital assets, being depreciated:				
Land improvements	2,585,144	1,721,183	-	4,306,327
Equipment	2,451,438	45,033	-	2,496,471
Recreation building and improvements	8,311,438	338,310	-	8,649,748
Total capital assets, being depreciated	<u>13,348,020</u>	<u>2,104,526</u>	<u>-</u>	<u>15,452,546</u>
Less accumulated depreciation for:				
Land improvements	(1,190,356)	(201,731)	-	(1,392,087)
Equipment	(1,293,130)	(237,892)	-	(1,531,022)
Recreation building and improvements	(1,925,866)	(226,091)	-	(2,151,957)
Total accumulated depreciation	<u>(4,409,352)</u>	<u>(665,714)</u>	<u>-</u>	<u>(5,075,066)</u>
Total capital assets, being depreciated, net	<u>8,938,668</u>	<u>1,438,812</u>	<u>-</u>	<u>10,377,480</u>
Governmental activities capital assets, net	<u>\$10,010,163</u>	<u>\$1,438,812</u>	<u>\$ (486,077)</u>	<u>\$ 10,962,898</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	
Aquatics/Rec Programs/Total depreciation expense – governmental activities	<u>\$ 665,714</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The Eastern Rio Blanco Metropolitan Recreation and Park District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan

Plan description. Eligible employees of the Eastern Rio Blanco Metropolitan Recreation and Park District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

General Information about the Pension Plan, continued

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and Eastern Rio Blanco Metropolitan Recreation and Park District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Eastern Rio Blanco Metropolitan Recreation and Park District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Eastern Rio Blanco Metropolitan Recreation and Park District were \$203,660 for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Eastern Rio Blanco Metropolitan Recreation and Park District reported a liability of \$3,508,555 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll-forward the total pension liability to December 31, 2016. The Eastern Rio Blanco Metropolitan Recreation and Park District proportion of the net pension liability was based on Eastern Rio Blanco Metropolitan Recreation and Park District contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Eastern Rio Blanco Metropolitan Recreation and Park District proportion was 0.260 percent, which was an increase of 0.016 from its proportion measured as of December 31, 2015.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended December 31, 2017, the Eastern Rio Blanco Metropolitan Recreation and Park District recognized pension expense of \$633,095. At December 31, 2017, the Eastern Rio Blanco Metropolitan Recreation and Park District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	62,437	-
Changes of assumptions or other inputs	248,868	10,146
Net difference between projected and actual earnings on pension plan investments	421,362	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	127,649	-
Contributions subsequent to the measurement date	203,660	N/A
Total	1,063,976	10,146

\$206,660 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	531,344
2019	196,751
2020	118,068
2021	4,007
2022	-
Thereafter	-

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumption were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disability Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-214 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Health Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates of ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentation to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expense, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluation the long-term rate of return assumptions for the LGDTF, including long-term historical data, estimates inherent in current market data, and long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non US Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above in addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consist of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service cost for future plan members.
- Employee contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - DEFINED BENEFIT PENSION PLAN, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

- The AIR balance was excluded from the initial fiduciary net position, as, per statute. AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriated. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plans fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payment and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the Eastern Rio Blanco Metropolitan Recreation and Park District proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	5,173,204	3,508,555	2,130,044

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7 – DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program

Plan Description – Employees of the Eastern Rio Blanco Metropolitan Recreation and Park District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, and Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended. Assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 – DEFINED CONTRIBUTION PENSION PLANS, Continued

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contribution and investment earnings. For the year ended December 31, 2017, the program members contributed \$4,791.

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The Eastern Rio Blanco Metropolitan Recreation and Park District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by the PERA. The HCTF provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Eastern Rio Blanco Metropolitan Recreation and Park District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for Eastern Rio Blanco Metropolitan Recreation and Park District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015, 2016, and 2017, the Eastern Rio Blanco Metropolitan Recreation and Park District contributions to the HCTF were \$14,011, \$16,658, and \$16,383, respectively, equal to their required contributions for each year.

NOTE 9 – CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt liabilities:

	1/1/2017 Balance	Additions	Deductions	12/31/2017 Balance	Due in One Year
Net pension liability	\$ 2,692,294	\$ 816,261	\$ -	\$ 3,508,555	\$ -

NOTE 10 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

In 1997, the registered voters of the Eastern Rio Blanco Metropolitan Recreation and Park District voted to allow the District to collect, retain and expend all revenues and other funds collected in 1997 and each subsequent years thereafter, for general operations expenses without limiting in any year the amount of the other revenues that may be collected and expended by the District in excess of the limits of Article X, Section 20 of the Colorado Constitution. At the same time, the District's registered voters also authorized waiver of the 5.5% revenue limitation imposed by C.R.S. § 29-1-301.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 – CONTINGENCIES, Continued

The District has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2017, \$117,532 of the year-end fund balance in the General Fund has been reserved for emergencies.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Claims made against the District and losses incurred by the District are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

NOTE 12 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2010, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure of which any could be used.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 – REPORTING FOR PENSIONS

Beginning in 2015, financial reporting information pertaining to the District's participation in Public Employees' Retirement Association of Colorado (PERA) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 23, 2018, the date at which the financial statements were available to be issued, and determined that no subsequent events have occurred that require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2017

	General Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ 3,352,000	\$ 3,352,000	\$ 3,403,047	\$ 51,047
Specific ownership tax	133,000	133,000	122,468	(10,532)
Conservation trust fund	20,000	20,000	18,834	(1,166)
Investment income	75,000	75,000	132,839	57,839
Charge for services	185,000	185,000	232,585	47,585
Other income	-	-	7,961	7,961
TOTAL REVENUES	<u>3,765,000</u>	<u>3,765,000</u>	<u>3,917,734</u>	<u>152,734</u>
EXPENDITURES				
Current operating				
Administration	3,133,100	3,133,100	2,699,178	433,922
Swimming pool	10,500	10,500	35,355	(24,855)
Recreation and sports programs	102,800	102,800	122,455	(19,655)
County treasurer's fees	167,600	167,600	171,211	(3,611)
Facility maintenance	234,000	234,000	296,564	(62,564)
Guest services	17,000	17,000	11,853	5,147
Capital outlay	1,721,000	1,721,000	1,618,450	102,550
TOTAL EXPENDITURES	<u>5,386,000</u>	<u>5,386,000</u>	<u>4,955,066</u>	<u>430,934</u>
EXCESS OF OPERATING REVENUES OVER (UNDER) OPERATING EXPENDITURES	<u>\$ (1,621,000)</u>	<u>\$ (1,621,000)</u>	<u>(1,037,332)</u>	<u>\$ 583,668</u>
FUND BALANCE - BEGINNING OF YEAR			<u>10,472,390</u>	
FUND BALANCE - END OF YEAR			<u>\$ 9,435,058</u>	

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN
Last 10 Fiscal Years

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as Percentage of Total Pension Liability
12/31/2014	0.203%	\$ 1,671,734	\$ 1,149,542	145%	81.78%
12/31/2015	0.210%	1,882,663	1,373,590	137%	80.72%
12/31/2016	0.244%	2,692,294	1,633,157	165%	76.90%
12/31/2017	0.260%	3,508,555	1,606,153	218%	73.60%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PERA's net pension liability, which is as of the calendar year end that occurred before the District's fiscal year end.

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**EASTERN RIO BLANCO METROPOLITAN
RECREATION AND PARK DISTRICT**

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA PENSION PLAN
Last 10 Fiscal Years

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contributions Excess/ Deficiency	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2013	\$ 140,038	\$ 140,038	\$ -	\$ 1,104,398	12.68%
12/31/2014	145,762	145,762	-	1,149,542	12.68%
12/31/2015	174,171	174,171	-	1,373,590	12.68%
12/31/2016	207,084	207,084	-	1,633,157	12.68%
12/31/2017	203,660	203,660	-	1,606,153	12.68%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying "Notes to Financial Statements" are an integral part of the statement.